MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

COVERSHEET

Minister	Hon Dr Shane Reti	**Portfolio**	Science, Innovation and Technology
Title of Cabinet paper	Transitioning health research funding from the Health Research Council to Research Funding New Zealand	**Date to be published**	9 April 2026

List of documents that have been proactively released

Date	Title	Author
November 2025	Transitioning Health Research Funding from the Health Research Council to Research Funding New Zealand	Offices of the Minister of Science, Innovation and Technology, and of the Minister of Health
12 November 2025	Transitioning Health Research Funding from the Health Research Council to Research Funding New Zealand ECO-25-MIN-0185 Minute	Cabinet Office
5 November 2025	Future of Health Research Funding: Decision Making and Allocation RIS	MBIE and MOH
5 November 2025	RIS Annex 2 - Cost Recovery for a Fast-track Research Ethics Review Process	MBIE and MOH
3 December 2025	RIS Quality Assurance Feedback Form and QA Criteria	MBIE and MOH
14 August 2025 – 5 November 2025	Briefings on the Future of Health Research Funding	MBIE and MOH

Information redacted **YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified and that would outweigh the reasons for withholding it.

Some information has been withheld under the grounds of commercial information, confidential advice to Government, and confidential commercial information (trade secret).

Regulatory Impact Statement: Future of health research funding – decision making and allocation

Decision sought	Final Cabinet decisions to repeal the Health Research Council Act 1990, disestablish the Health Research Council as a Crown entity, and approve drafting instructions for the inclusion of repeal and transition provisions in the Science, Innovation and Technology Bill. This will enable the transfer of statutory and operational functions from the Health Research Council to appropriate entities across the Science, Innovation and Technology and health systems, allowing the proposal to proceed within current legislative timeframes.
Agency responsible	Ministry of Business, Innovation and Employment Ministry of Health
Proposing Ministers	Hon Dr Shane Reti, Minister of Science, Innovation and Technology Hon Simeon Brown, Minister of Health
Date finalised	6 November 2025

Briefly describe the Minister's regulatory proposal

The Minister of Science, Innovation and Technology (SI&T) and the Minister of Health propose to repeal the Health Research Council Act 1990 (the HRC Act) and disestablish the Health Research Council (HRC) as a Crown entity. This will enable the transfer of health research funding responsibilities to Research Funding New Zealand (RFNZ), in line with Cabinet's in-principle agreement to consolidate research funding mechanisms under a single national funding decision-maker.

This Regulatory Impact Statement (RIS) focuses on the legislative and operational arrangements required to give effect to that in-principle agreement, particularly the transfer of functions from a Crown entity to departmental and non-departmental bodies.

The proposal supports broader reforms to the SI&T system, which aim to simplify the system, improve strategic alignment, reduce fragmentation and ensure public investment in research delivers greater economic and social impact. The legislative change will be progressed via the SI&T Bill and will include provisions to redistribute the HRC's remaining statutory and operational functions across RFNZ, the Ministry of Business, Innovation and Employment (MBIE), the Ministry of Health (MoH) and other relevant entities.

Summary: Problem definition and options

What is the policy problem?

Cabinet has agreed in principle to consolidate health research funding under RFNZ, subject to the development of a satisfactory legislative and operational transition plan, as part of broader reforms to establish a strategy-driven SI&T funding system. The policy problem is how to manage the transition of health research funding and functions from the HRC to RFNZ in a way that supports a unified, strategy-driven SI&T system, while ensuring continuity of critical functions, legal clarity and sector confidence.

The HRC Act is no longer fit for purpose and does not support integration with the broader Science, Innovation and Technology system. The HRC operates independently from other research funding bodies, contributing to fragmentation, duplication and misalignment of priorities.

Without legislative change, the HRC would remain in law but lack the mandate or mechanisms to operate effectively, perpetuating inefficiencies, limiting strategic coordination and constraining the Government's ability to direct investment toward areas of greatest benefit to New Zealand.

What is the policy objective?

The objective is to consolidate health research funding under RFNZ, in line with Cabinet's in-principle decision, while ensuring continuity of critical functions, legal clarity and alignment with the future SI&T system.

Success will be measured by the timely and effective transfer of functions, the maintenance of ethics and advisory processes, and the integration of health research into the Health and Society pillar under RFNZ. The success indicators will include the establishment of new governance arrangements, continuity of service delivery and stakeholder satisfaction with the transition.

What policy options have been considered, including any alternatives to regulation?

Two options were considered:

- **Option One – Amend the HRC Act**: Removes the HRC's funding functions, transferring those responsibilities to RFNZ. The HRC would continue to exist as a Crown entity to carry out residual functions. This option would reduce the scale of the entity, making it difficult to remain financially viable, and would result in inefficiencies and misalignment with the SI&T system.
- **Option Two – Repeal the HRC Act and disestablish the HRC (Preferred)**: Repeals the HRC Act and disestablish the HRC as a Crown entity. Statutory and operational functions deemed important would be redistributed across RFNZ, MBIE, MoH, and other relevant entities. This option provides the greatest legal clarity, system coherence and alignment with Cabinet's in-principle agreement.

What consultation has been undertaken?

Targeted consultation has been undertaken with agencies and stakeholders directly affected by the proposed repeal of the HRC Act and redistribution of functions. This includes the HRC, the National Ethics Advisory Committee (NEAC), Medsafe, Health New Zealand, Universities' Deputy Vice-Chancellors of Research and independent research organisations (IROs) such as the Malaghan Institute of Medical Research and the Medical Research Institute of New Zealand.

Stakeholders were consulted on the implications of the proposed transition, including ethics and scientific review, workforce development, and Māori and Pacific health research governance. Engagement with Whakauae Research for Māori Health and Development and Te Atawhai o te Ao Independent Māori Institute for Environment and Health, is scheduled for early to mid-November.

Feedback to date indicates cautious support for the reforms, with emphasis on the need for continuity, clarity of roles and careful management of transition risks. Further engagement is planned to inform the design of the Health and Society pillar under RFNZ and ensure sector confidence.

Is the preferred option in the Cabinet paper the same as preferred option in the RIS?
Yes.

Summary: Minister's preferred option in the Cabinet paper

Costs (Core information)

Outline the key monetised and non-monetised costs, where those costs fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)

The proposal is not expected to be entirely cost neutral in the short term, defined as the transition period from 2026 to 2028. Transitional costs will be incurred, including staff redeployment, contract closure and systems integration. These will be managed within existing baselines, primarily through the reallocation of HRC Research Contract Management funding (approximately $5.3 million per year). The proposal does not affect market competition.

Monetised costs:

- No additional ongoing costs are anticipated.
- Short-term transition costs include staff redeployment, contract closure, relocation and systems integration.
- These costs will be covered by reallocating existing HRC Research Contract Management funding.

Non-monetised costs:

- Confidential advice to Government
- Loss of institutional knowledge and expertise.
- Confidential advice to Government
- Loss of independence associated with the HRC as a standalone Crown entity.

The HRC's independence has historically supported arm's-length policy advice and funding decisions. While RFNZ will retain independence in funding allocation, some stakeholders have expressed concern about the potential loss of autonomy and visibility for health research within a broader system.

To mitigate this, existing health research funding will be transferred to RFNZ and MBIE, and to MoH to support the functions it receives, with clear governance arrangements to ensure health research remains prioritised. Funding will be directed through the Health and Society pillar, supported by joint ministerial oversight and a dedicated investment plan.

Distributional impacts:

- HRC staff may be affected by employment transitions and organisational closure.
- Receiving agencies and bodies (MBIE, MoH, RFNZ and NEAC) and will absorb new functions, requiring onboarding and integration.
- Health researchers and providers may experience short-term changes in funding and ethics processes, but continuity is expected.
- Confidential advice to Government

Benefits (Core information)

Outline the key monetised and non-monetised benefits, where those benefits fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)

Over the longer term, the proposal is expected to deliver modest savings through reduced duplication in administrative functions and more streamlined governance arrangements. The intervention does not affect market competition.

Monetised benefits:
No significant monetised benefits are expected. Existing HRC Research Contract Management funding will be reallocated to support the transition and delivery of functions by the receiving agencies and bodies.

Non-monetised benefits:
- Improved strategic alignment of health research funding with national priorities.
- Greater system coherence through integration with the broader SI&T system.
- Reduced duplication of functions and administrative burden across agencies.
- Enhanced ministerial oversight and ability to direct investment.

Distributional impacts:
- Health researchers and providers will benefit from a more streamlined and strategically aligned funding system.
- The receiving agencies and bodies (RFNZ, MBIE, MoH and NEAC) will gain clearer roles and responsibilities, improving coordination and delivery.
- Government will benefit from improved ability to direct investment and monitor outcomes.

Balance of benefits and costs (Core information)

Does the RIS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?
The RIS indicates that the benefits of the Minister's preferred option are likely to exceed the costs. While the proposal involves transitional costs (such as staff redeployment, systems integration and coordination), these are expected to be temporary and managed within existing baselines.

The long-term benefits include improved strategic alignment of health research funding, reduced duplication across agencies, enhanced ministerial oversight and greater system coherence. These benefits are expected to outweigh the costs over time, as efficiencies are realised through streamlined governance and delivery. While not quantified, the RIS provides sufficient qualitative evidence to support this judgement.

Implementation

How will the proposal be implemented, who will implement it, and what are the risks?
Implementation will be progressed through the SI&T Bill, scheduled for submission to the Cabinet Legislation Committee in early 2026. Subject to its passage through Parliament,

the SI&T Bill will repeal the HRC Act and disestablish the HRC, enabling the redistribution of its functions across RFNZ, MBIE, MoH and other relevant entities.

MBIE and MoH will jointly lead the transition:

- MBIE will oversee the legislative process and coordinate operational changes.
- MoH will manage the integration of health research policy and ethics functions.
- RFNZ will assume funding decision-making responsibilities, supported by MBIE in contract administration.

Funding and resources will be transferred alongside functions to ensure continuity. A portion of the Health Research Fund will be reallocated to support the receiving agencies and bodies, including MoH's expanded ethics and scientific review responsibilities. Short-term transition costs (such as staff redeployment, contract closure, relocation and systems integration) will be managed within existing baselines, primarily through the reallocation of HRC Research Contract Management funding. Over time, the proposal is expected to deliver modest savings through reduced duplication and more streamlined governance.

Key risks include disruption to critical functions, loss of institutional knowledge and uncertainty for staff and stakeholders. These will be mitigated through detailed transition planning, early engagement with affected agencies, and clear communication with the sector. Legislative provisions will support the seamless transfer of functions, staff and contracts.

The transition is planned for 2028, aligned with the full implementation of the Health and Society pillar. However, Ministers may consider bringing this forward to 2027, subject to legislative timeframes, to minimise disruption. Transitional arrangements will include staff redeployment, asset transfer and winding down of HRC governance structures. Commercial Information

Limitations and Constraints on Analysis

The main constraint on analysis is the limited scope of formal stakeholder consultation at this stage. While targeted engagement has been undertaken with key agencies and health research organisations, broader sector consultation is still underway and will inform final decisions. Some stakeholder views on the preferred option are not yet fully captured.

There is some uncertainty around the operational impacts of redistributing functions, particularly ethics and workforce development. These will be addressed through further engagement with the receiving agencies and bodies, and detailed transition planning in coordination with the MoH. The range of options considered was shaped by Cabinet's prior in-principle decision to include health research funding within RFNZ's remit, subject to a suitable transition strategy for the HRC. This excluded non-regulatory alternatives and options that retained the HRC's funding role.

Despite these limitations, the analysis is considered robust and sufficient to support informed decision-making. The proposal aligns with broader SI&T system reforms, and implementation risks are considered manageable within existing baselines and legislative processes.

I have read the Regulatory Impact Statement, and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Manager's signature:

Landon McMillan

Policy Director, Science, Innovation and Technology, Ministry of Business, Innovation and Employment

6/ 11 /2025

Quality Assurance Statement	
Reviewing Agencies: Ministry of Business, Innovation and Employment and the Ministry of Health	**QA rating:** Meets
Panel Comment: The joint Regulatory Impact Analysis Review Panel from the Ministry of Business, Innovation and Employment and the Ministry of Health have reviewed the Regulatory Impact Assessment (*Future of health research funding – decision making and allocation)*, and supporting Stage 1 Cost Recovery Impact Statement (*Cost recovery for a fast-track research ethics review process)*, and we have determined that the papers **meet** the criteria.	

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

Science, Innovation and Technology system funding reforms

1. The New Zealand Government is establishing a strategy-driven Science, Innovation and Technology (SI&T) funding system to improve coherence, enable priority setting, and strengthen alignment with the Government's goals for economic growth and resilience [CAB-24-MIN-0504 and CAB-25-MIN-0187 refer]. A major part of this reform is consolidating multiple funding decision-making bodies so that decisions are consistent, coordinated across the public system and informed by strategic priorities rather than siloed processes.
2. Cabinet has agreed to create a new consolidated decision-making body, Research Funding New Zealand (RFNZ), which will bring together funding from the existing public research funding decision makers (the Marsden Fund Council, the Science Board, MBIE decision making and the Health Research Council (HRC)), provided a satisfactory statutory transition can be designed [ECO-25-MIN-0147 refers].
3. RFNZ will have more strategy-related functions beyond just making decisions on proposals. It will operate within a four-pillar framework, one of which will be the Health and Society pillar, ensuring health research remains visible and strategically guided within the new system.

Cabinet has agreed to reform public research funding

4. As part of these reforms, Cabinet agreed in principle to transition health research funding from the HRC into RFNZ's remit, subject to the development of a satisfactory legislative and operational transition plan.
5. This in-principle decision was made to address longstanding system-level issues, including fragmentation, duplication of effort, and limited strategic coordination.
6. Transitioning funding functions from HRC will require legislative change as administering funding for health research is the primary role of the HRC. The policy problem addressed by this Regulatory Impact Statement (RIS) is how to give effect to that in-principle decision through legislative change.
7. Two options have been considered: amend the Health Research Council Act 1990 (the HRC Act) to remove its funding role or repeal the HRC Act and disestablish the HRC (preferred option). Each option carries risks and mitigations, which are assessed in Section 2. This RIS sets out the analysis of how best to bring health research funding under RFNZ's remit to meet the Government's policy intent.

Current state of health research funding and governance

8. New Zealand's public health research funding is administered by the HRC, a Crown entity established under the HRC Act.
9. Under the HRC Act, the HRC is responsible for allocating funding, providing ethics advice and oversight, scientific review processes, and providing policy advice related to health research. The HRC also maintains statutory advisory committees and supports workforce development in the health research sector. It currently receives approximately $5.3 million per year in Research Contract Management funding, which supports its core operational functions, including funding administration, governance and oversight activities.

10. The HRC was established as a standalone Crown entity to ensure that health research funding decisions were made independently of government, based on scientific merit and sector expertise. This structure was intended to safeguard the integrity of funding decisions, promote sector trust and ensure that health research priorities were informed by expert advice rather than political direction. The HRC's autonomy has also enabled it to provide arm's-length policy advice, negotiate health funding arrangements and make independent decisions on funding allocation and contract management.

11. While this independence has supported trusted decision-making and is valued by parts of the health research sector, it has also contributed to fragmentation across the SI&T system. The separation of health research funding from other domains has limited strategic coordination, priority-setting and alignment with broader government objectives.

12. The HRC Act's prescriptive functions and committee structures are increasingly viewed as restrictive and not well-suited to a modern, integrated funding system. The narrow legislative focus on a single entity limits flexibility and does not support system-wide investment planning or strategic direction-setting across research domains.[1] This reduces the Government's ability to align health research funding with broader strategic goals and creates barriers to coordinated investment.

Expected development if no action is taken

13. If no regulatory change is made, the HRC would remain as a Crown entity with all current functions retained under the HRC Act.[2]

14. While these functions are valuable, retaining them within a standalone entity would not give effect to Cabinet's in-principle agreement and would perpetuate key system-level issues including:

    a. **fragmentation and lack of strategic alignment**, with health research funding decisions disconnected from broader SI&T system priorities

    b. **inefficiencies arising from the multi-funder model**, where health research is funded separately from other domains, contributing to duplication of effort, misaligned priorities and reduced system coherence

    c. **limited ability to direct investment across the system,** due to the absence of integrated governance mechanisms and strategic levers

    d. **increased administrative burden on researchers and research organisations**, who must navigate multiple, unaligned funding processes and reporting requirements.

[1] See Health Research Council Act 1990, sections 5 and 6. The Act establishes the HRC as a standalone Crown entity with narrowly defined statutory functions, including funding administration, ethics oversight, and committee appointments. These functions are embedded in legislation and do not provide mechanisms for integration with broader research funding systems or strategic alignment across portfolios. Notably, the HRC Act is the oldest part of New Zealand's SI&T system, predating Crown Research Institutes, major funding instruments like the Strategic Science Investment Fund, and the Endeavour Fund, and the disestablishment of the Ministry of Research, Science and Technology (MoRST) and the Foundation for Research, Science and Technology (FoRST).

[2] These functions include administering health research funding (soliciting proposals, assessing applications and managing contracts), providing ethics oversight through its Ethics Committee, conducting scientific review for clinical trials, advising the Minister of Health on health research policy, supporting workforce development through fellowships and scholarships, appointing statutory advisory committees and maintaining relationships across the health research sector.

15. Maintaining the status quo would preserve the HRC's functions but within a structure that is increasingly misaligned with the Government's strategic direction. The proposed reforms aim to address this by establishing a top-down, strategy-led funding system, while retaining bottom-up independence in funding decisions through RFNZ.

16. These risks underscore the need for a full legislative repeal of the HRC Act and a well-planned redistribution of functions to preserve continuity, ensure legal robustness and achieve alignment with the SI&T system reforms.

17. Without reform, the HRC would remain in law but lack the mandate or mechanisms to operate effectively. Its functions would continue to be siloed from broader science and innovation efforts, limiting opportunities for strategic alignment and streamlined delivery. This would perpetuate inefficiencies and constrain the Government's ability to deliver a coherent, strategy-led research funding system.

18. The potential for redistribution of functions is explored in later sections of this RIS and in **Annex One**, where the proposed future arrangements are outlined.

Relevant Government decisions and interdependencies

19. This RIS builds on the analysis and system-level rationale set out in MBIE's RIS, *Driving Economic Growth through Science, Innovation and Technology*, finalised in April 2025, which outlines the broader SI&T system reform programme. Cabinet has recently agreed to redesign the SI&T funding system, shifting from a funding instrument-led framework to one organised around four domain-based pillars.

20. As part of this reform, Cabinet has agreed to establish RFNZ an independent, single national funding decision-maker with a mandate to look across the SI&T portfolio and support a more coordinated, coherent and strategically aligned system. RFNZ will consolidate the decision-making functions of existing bodies such as the Marsden Fund Council, the Science Board, MBIE and the Health Research Council (HRC), enabling more consistent priority-setting and reducing duplication across the system.

21. Within this new structure, RFNZ will operate under a four-pillar framework, one of which will be the Health and Society pillar, ensuring health research remains visible at the forefront and strategically guided within the broader SI&T system. This approach addresses concerns about health research being eroded but embeds it in a strategy-driven system that enables alignment across the system and with national priorities. With the RFNZ being independent, and advising on the development of the pillars – independent advice on the research needs of the health system is also preserved.

22. This RIS analyses the legislative and operational arrangements required to disestablish the HRC and transfer its statutory and operational functions deemed important to appropriate entities across the SI&T and health systems.

23. The transition is interdependent with:

    a. **the SI&T Bill**, which will provide the legislative vehicle for repealing the HRC Act and redistribution of key functions

    b. **the Health and Society Pillar Investment Plan (PIP)**, which will become the primary mechanism for ministerial direction of health research funding in the future funding system

    c. **a revised Memorandum of Understanding (MoU)**, between the Minister of SI&T and the Minister of Health, which will clarify roles and responsibilities for developing, publishing and monitoring the Health and Society PIP, and ensure continued health sector influence in research funding decisions

d. **the priorities informed by the Prime Minister's SI&T Advisory Council (PMSITAC)**, which will guide strategic direction and support investment decisions across all pillars, including health research

e. **the Science Investment Plan**, which will reflect system-wide budget allocations and provide overarching guidance for research investment priorities, including those relevant to the Health and Society pillar.

Nature and scope of the problem

24. The HRC Act is no longer fit for purpose. It is an impediment to giving effect to Cabinet's in-principle agreement to consolidate health research funding under RFNZ. Without legislative change, the HRC would remain in law but lack the mandate or mechanisms to operate effectively. Repeal and redistribution of functions are required to remove this barrier and enable a coherent, strategy-led funding system.

25. The key issue is how to manage the transition of functions from the HRC, whose legislative mandate no longer supports the Government's intended direction for health research funding.

26. The challenge is to ensure that transferring funding responsibilities to RFNZ does not leave other critical functions (such as ethics oversight, workforce development and committee governance) in a position that is fragmented, under-resourced or difficult to operate. This includes maintaining continuity, avoiding duplication and preserving expertise across the SI&T and health systems.

What is the policy problem or opportunity?

27. To ensure the SI&T system meaningfully contributes to New Zealand's economic growth, productivity and overall wellbeing, Cabinet has decided to reform the research funding system. This includes an in-principle decision, to bring health research funding within the remit of RFNZ and to transition funding responsibilities from the HRC into the new Health and Society pillar under RFNZ [ECO-25-MIN-0147 refers].

28. The policy problem is how to manage the transition of health research funding from the HRC to RFNZ in a way that supports a unified, strategy-driven system while ensuring continuity of functions, legal clarity and alignment with the broader SI&T system reforms.

29. In order to move health research funding, the HRC Act will need to be amended or repealed.

30. If health research funding is moved from the HRC, the HRC would be left with a number of statutory functions, but without a proper source of funding for these functions, and the entity would lose its core function – which is the provision of funding. A key question is whether the residual functions warrant an entire Crown Agent, or whether it makes sense for these residual functions to sit elsewhere in the broader system and to disestablish the HRC.

31. A follow up question is if the HRC were disestablished as a Crown entity, what are the appropriate homes for its functions to be redistributed to across the SI&T and health systems.

32. The current structure concentrates a range of functions, such as funding administration, ethics oversight, policy advice, scientific review and workforce development, within a single entity. While these functions are important, analysis indicates that other institutions within the SI&T and health systems are better placed to host them or already perform similar roles. This contributes to duplication, fragmentation and limited coordination across the system.

33. Without reform, health research functions will remain siloed from broader science and innovation efforts, limiting opportunities for strategic alignment, streamlined delivery and improved outcomes.

Equity and treaty considerations

34. The HRC holds strong and well-established relationships with Māori researchers, iwi and hapū health providers and Māori-led research organisations. These relationships have been built over many years and are central to the credibility and effectiveness of Māori health research in Aotearoa.

35. A key part of this ecosystem is the Māori Health Committee (MHC), a statutory committee established under the HRC Act. The MHC provides expert advice on Māori health research, ensures cultural integrity in research design and review and oversees Māori-specific assessment processes for funding and career development. Its leadership and expertise have been instrumental in embedding kaupapa Māori approaches and supporting Māori research excellence.

36. Under the proposed reforms, the MHC would no longer be retained in statute. While this reflects a broader shift toward flexible governance arrangements, it is critical that the functions, expertise and institutional knowledge of the MHC are preserved. This includes maintaining Māori-led review processes and ensuring continuity of relationships with Māori research partners. MBIE recommends establishing a like-for-like Māori Health Committee under RFNZ to maintain representation and expertise in health research funding decisions.

37. Further work on transitioning functions must embed mechanisms to retain Māori representation and oversight where appropriate, uphold cultural standards and ensure Māori health research continues to be prioritised and supported within the new system.

38. As part of the transition, coordination between MBIE, the Ministry of Health and RFNZ will be essential to ensure that workforce development initiatives continue to meet the needs of diverse communities, including Māori. This includes maintaining targeted support for Māori researchers and ensuring that future workforce strategies reflect Te Tiriti obligations and equity goals.

What objectives are sought in relation to the policy problem?

39. The overarching objective is to ensure that health research funding is strategically aligned with the broader SI&T system by giving effect to Cabinet's in-principle decision to consolidate health research funding under RFNZ, while ensuring that the functions of the HRC are redistributed in a way that maintains continuity, coherence and legal integrity.

40. The specific objectives are to:

    a. **enable a simplified and streamlined system** for both science funding and research, and ethics and policy advice around health research related matters

    b. **enable SI&T funding coherence and a strategy-driven funding system** by repealing the HRC Act and consolidating health research funding under RFNZ. This will ensure alignment with broader system reforms and avoid retaining a residual organisation with disconnected and insufficient functions

    c. **ensure continuity of critical functions**, such as ethics oversight, policy advice, committee governance, by transferring them in a managed way to appropriate entities across the SI&T and health systems

d. **avoid legal and governance risks** by ensuring that all functions currently mandated under the HRC Act are either repealed or reassigned with clear statutory authority.

e. **support system coherence and strategic alignment**, by embedding health research within the Health and Society pillar under RFNZ and aligning non-funding functions with relevant agencies and bodies, such as MoH and NEAC

f. **maintain health sector input into research funding decisions** through mechanisms such as the PIP and a revised Memorandum of Understanding between Ministers

g. **ensure employment and organisational transitions** are legally and operationally sound, including provisions to transfer staff and assets without triggering redundancy clauses or disrupting service delivery.

Confidential advice to Government

What consultation has been undertaken?

42. Consultation has focused on the impacts of disestablishing the HRC and redistributing its functions. MBIE and MoH have jointly led policy development and internal engagement, including coordination with the Parliamentary Counsel Office and the Office of the Clerk to ensure the SI&T Bill meets Standing Orders and qualifies as a valid omnibus bill under Standing Order 267(1)(a).

43. Initial consultation has focused on agencies and stakeholders directly affected by the proposed repeal of the HRC Act and the redistribution of its functions. Targeted consultation has been undertaken with the HRC, NEAC, Medsafe, Health New Zealand (HNZ), and key independent research organisations (IROs), including the Malaghan Institute of Medical Research (MIMR) and the Medical Research Institute of New Zealand (MRINZ). Engagement with Whakauae Research for Māori Health and Development and Te Atawhai o te Ao – Independent Māori Institute for Environment and Health is scheduled for early to mid-November 2025.

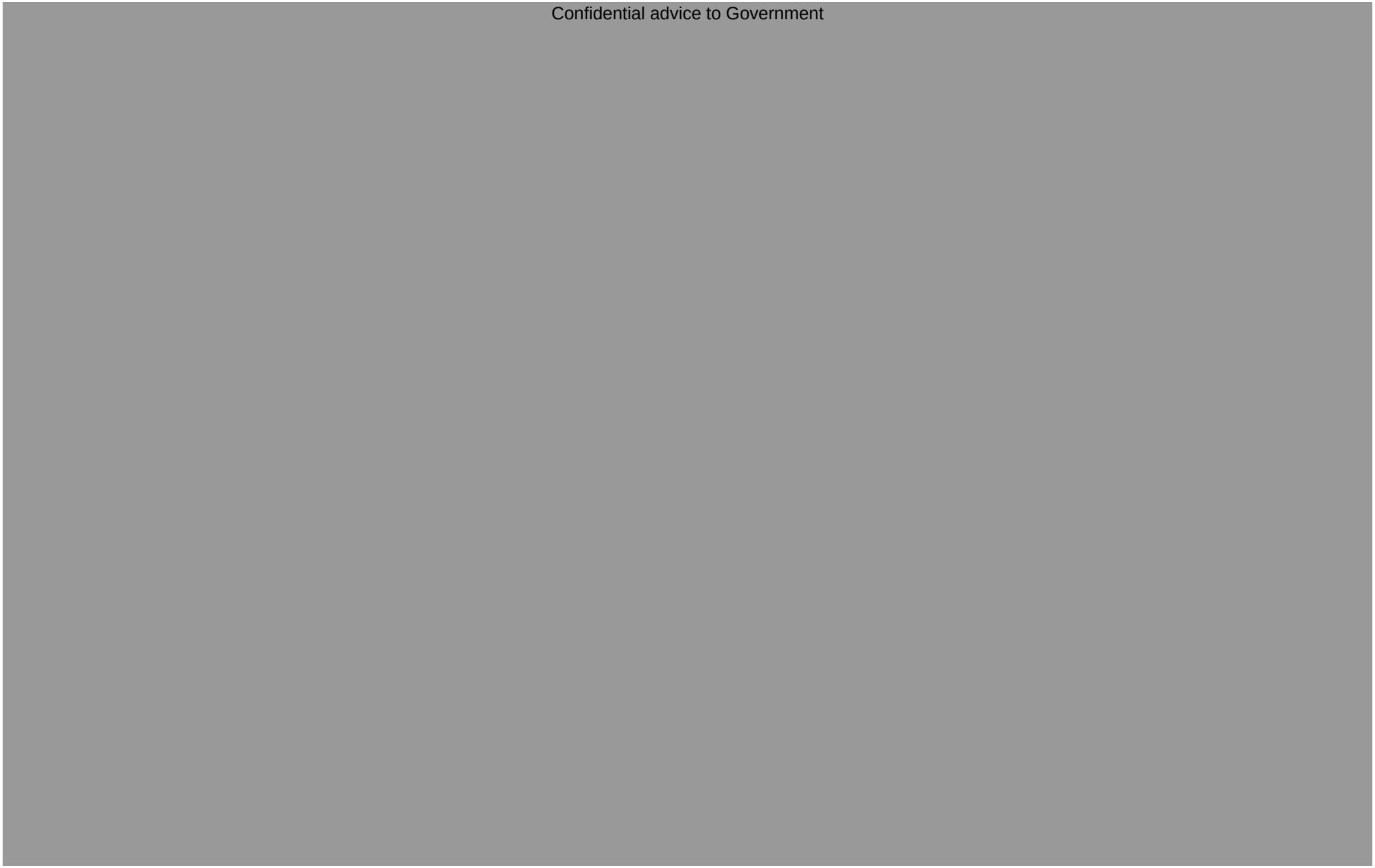
Stakeholder engagement and emerging views

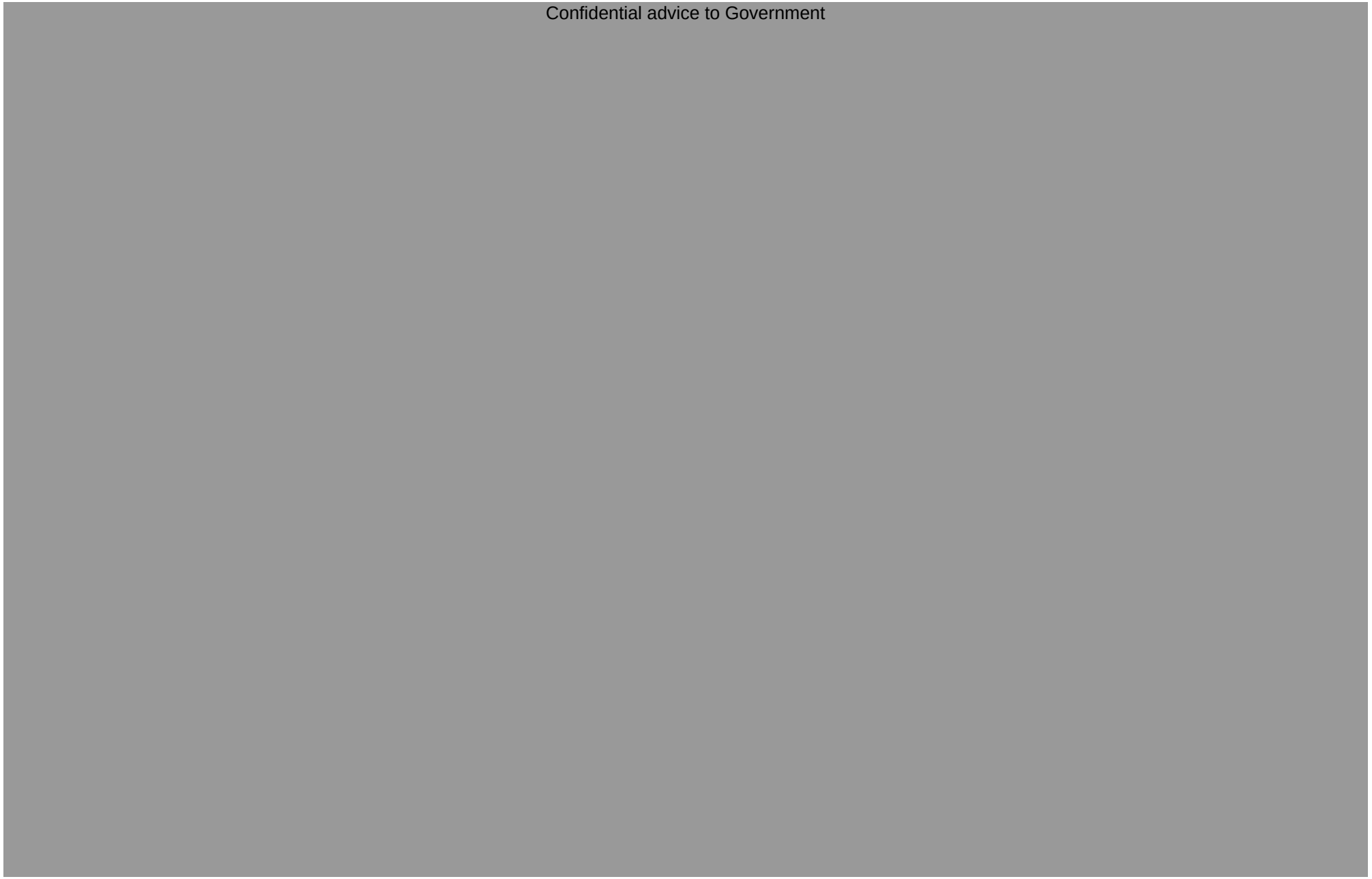
44. These stakeholders have been consulted on the implications of the proposed transition, including ethics and scientific review, workforce development and the governance of Māori and Pacific health research.

45. Further engagement with these stakeholders is planned to ensure continuity of critical functions, maintain sector confidence and inform the design of the Health and Society pillar under RFNZ.

46. A summary of stakeholder interests and emerging views is outlined in the following table.

Confidential advice to Government





Section 1.1: Diagnosing the policy problem – Ethics review

Context and rationale for including cost recovery for ethic review

47. The HRC currently holds ethics oversight functions to support its research funding role. Under the proposed reforms, these functions will be transitioned to new legislative frameworks. A key component is the development of a new National Standard on Ethical Conduct in Human Research, led by NEAC, which will clarify expectations, roles and processes across the ethics system.

48. Whilst not a direct consequence of the disestablishment of the HRC, charging for ethics review, particularly for fast-track pathway is part of fixing the research system, enabling investment in committee capacity and aligning with reform goals for responsiveness and sustainability. Because a cost recovery element is not present in the current HRC legalisation, we have addressed this as a separate section.

What is the context behind the policy problem and how is the status quo expected to develop?

49. Independent ethics and scientific scrutiny of health and disability research underpins New Zealand's standing as a trusted research environment. To support the reform's priorities to deliver economic outcomes, support economic growth and incentivise researchers to commercialise research, we need to ensure ethics and scientific review processes are timely, efficient, and fit for purpose.

50. Commercial Information

51. There is an opportunity to strengthen New Zealand's ethics system alongside broader SI&T system reforms, ensuring it remains competitive, credible and aligned with international best practice.

What is the policy problem or opportunity?

52. Ethics review of health and disability research in New Zealand is essential for safeguarding participants and maintaining public trust. The current system is centralised, with four HDECs established under the Pae Ora (Healthy Futures) Act 2022.

53. Each of these committees independently assess research applications involving more than minimal risk, using standards set by the National Ethics Advisory Committee (NEAC). While the MoH provides secretariat support, the HDECs themselves are independent.

54. Commercial Information

What objectives are sought in relation to the policy problem?

55. The commercial trials sector has advised they would prefer to pay a fee for certainty of timeframes. This is only possible with legislative amendment. Charging fees for ethics review is common internationally, particularly for industry-sponsored research. Introducing a cost recovery model for fast-track reviews would ensure sustainability, maintain quality and timeliness and reduce reliance on public funding.

What consultation has been undertaken?

56. To date, there has been no formal consultation on the proposal for cost recovery for a fast-track research ethics review process. However, over the past year, MoH officials have informally engaged with industry stakeholders in response to calls for improved timeliness of ethics review.

Section 2: Assessing options to address the policy problem

What criteria will be used to compare options to the status quo?

57. To ensure the core objective is met, namely, to implement Cabinet's decision to consolidate health research funding under RFNZ while ensuring continuity for HRC's remaining functions, an overarching set of criteria will be used to assess all proposals. These criteria reflect the need for legal clarity, continuity of functions and alignment with the future SI&T funding system. The criteria are as follows:

    a. **Legal robustness and clarity**: Does the option provide a clear and durable legislative basis for the redistribution of functions and avoid risks associated with retaining a statutory entity without its core purpose?

    b. **Ease of transition**: Does the option support a smooth and manageable transition of functions, including ethics, policy and committee roles, by minimising disruption, enabling timely implementation and ensuring functions are appropriately hosted in the future system?

    c. **Strategic alignment and system coherence**: Does the option support integration of health research functions into the broader SI&T system and enable consistent priority-setting?

    d. **Cost of change**: Does the option minimise transitional and implementation costs, including legislative complexity, staff and asset transfers, and operational disruption? Consideration is given to whether the option can be implemented within existing baselines, avoids redundancy liabilities, and aligns with the broader SI&T system reform legislative vehicle to reduce duplication and administrative burden.

What scope will options be considered within?

58. The options analysis focuses on regulatory changes to determine the future of the HRC following Cabinet's agreement to consolidate health research funding under a single national funding decision maker, RFNZ.

59. Accordingly, options that retain the HRC's funding role are out of scope. These would not give effect to Cabinet's decision and would perpetuate fragmentation and misalignment across the SI&T system.

60. Options requiring significant new funding are also excluded. While resourcing is a consideration, the focus of this RIS is on structural and legislative changes rather than funding decisions.

61. As a result, only two viable options are considered:

    a. **Option One**: Amend the HRC Act to remove its funding role (status quo for comparison)

    b. **Option Two**: Repeal the HRC Act and disestablish the HRC (preferred option).

What options are being considered?

Option One – Amend the HRC Act to remove its funding role

62. Option one involves amending the HRC Act to remove the HRC's funding functions, transferring those responsibilities to RFNZ. The HRC would continue to exist as a Crown entity, retaining a narrow set of residual functions such as ethics oversight, policy advice and committee governance.

63. However, without its core funding role, the HRC would become a vestigial organisation, too small to operate efficiently, disconnected from the broader SI&T and health systems, and lacking the scale or mandate to deliver meaningful impact. It would be costly to maintain and difficult to govern, with limited levers for ministerial direction and accountability. The HRC's remaining functions[4] would be fragmented and under-resourced, and the entity would lack the flexibility to adapt to the new pillar-based funding framework.

64. This option retains legal and operational risks. The HRC Act would require significant amendment to remove obsolete provisions and redefine the entity's purpose, which introduces legislative complexity and potential for unintended consequences. It would also perpetuate duplication across the system and undermine the coherence of the SI&T reforms. Therefore, this option is not considered sustainable in the long term.

Option Two – Repeal the HRC Act via the SI&T Bill and disestablish the HRC (Preferred option)

65. Option wo involves repealing the HRC Act and disestablishing the HRC as a Crown entity. Repeal is preferred over amendment to avoid leaving a residual organisation with limited and disconnected responsibilities.

66. Repeal will allow funding functions to be transferred to RFNZ and MBIE, and other retained statutory and operational functions to be redistributed across the SI&T and health systems.

67. If the disestablishment of the HRC proceeds, its statutory and operational functions will be redistributed across the SI&T and health systems. High-level detail on the proposed redistribution of functions is provided below (full details provided in **Annex One**).

HRC's key function	Proposed direction
Funding administration functions	RFNZ will lead funding decision-making, while MBIE will support administration and oversight.
National health research policy and advisory functions	Will be led by MoH, with MBIE supporting alignment between the science and health systems, and RFNZ responsible for investment planning and evaluation of investment outcomes.
Ethics review functions	Will be transitioned to the NEAC pending the development of a new National Standard on Ethical Conduct in Human Research.[5]
Scientific review functions Provides the basis for approval of clinical trials as referred to in the Medicines Act 1981.	Will be transferred to MoH to become part of Medsafe. Medsafe already holds the expertise to perform these functions, and this function already intersects with some of Medsafe's existing work.

[4] The HRC's remaining functions, if Option One were pursued, would include ethics oversight (currently performed by the HRC Ethics Committee), policy advice on health research, workforce development (including fellowships and scholarships), appointment of statutory advisory committees (such as the Public Health Research, Biomedical Research, and Māori Health Committees), and liaison with other organisations.

[5] This represents an improvement on the current fragmented approach by introducing a more joined-up ethics system with clearer roles, responsibilities, and processes across the sector.

Workforce development	Will be transitioned to MBIE, RFNZ and MOH. MBIE and MOH already undertake workforce development and planning activities.[6]
Statutory advisory committees (Public Health Research, Biomedical Research and Māori Health Research)	RFNZ will be responsible for appointing committees with the relevant expertise to support funding assessment and provide advice in specialised areas. These will include standing committees that can provide advice on research related to Māori health and to Pacific health.

68. This legislative change aligns with the policy intent of the SI&T Bill, which is designed to give effect to broader SI&T system reforms, including rationalising funding decision-making bodies and establishing RFNZ as the consolidated national research funding decision-maker.

69. With the disestablishment of the HRC, traditional Crown entity mechanisms for ministerial direction, such as Letters of Expectations and Statements of Intent, will no longer apply to health research funding.

70. In the future system, ministerial direction will instead be provided through the Health and Society PIP. The PIP will be developed jointly by MBIE, MoH and RFNZ, with strategic input from both Ministers. A revised Memorandum of Understanding between the Minister of Health and the Minister of SI&T will clarify roles and responsibilities, including how the PIP is developed, agreed and published. This arrangement will ensure continued health sector influence in research funding decisions and alignment with broader SI&T system priorities.

71. This option provides the greatest legal clarity, operational coherence and strategic alignment with the future SI&T system. It is considered sustainable in the long term and supports the Government's goal of a future-facing, priority-driven research system.

Option Two A – Repeal the HRC Act but retain HRC as an administration-of-funding organisation

72. Option Two A was considered as part of the development process but ultimately not taken forward. It would involve repealing the HRC Act and transferring statutory decision-making responsibilities for health research funding to RFNZ while leaving a repurposed HRC organisation in place to perform only administrative functions related to funding. Other non-funding related functions such as ethics and science review would still transition to parts of the health system.

73. While this would retain some operational continuity, it was not considered in detail. MBIE already has the scale and expertise to manage research contracts across the SI&T system, and duplicating these functions in a separate entity would introduce inefficiencies. It also runs counter to a central tenet of the reforms – simplification of the system. A repurposed HRC would be limited in scope and operate at arm's length from MBIE, but would not offer clear strategic or operational advantages over full integration.

[6] For example, MOH is responsible for health workforce strategy, while MBIE provides stewardship of the SI&T system, including advice on workforce development and funding initiatives such as fellowships.

How do the options compare to the baseline scenario (Option One)?

Ratings use an ordinal scale: **+ +** Significantly better than the status quo; **+** Better than the status quo; **0** No better or worse than the status quo; **−** Worse than the status quo; **− −** Significantly worse than the status quo. The overall assessment reflects a qualitative synthesis of the individual ratings.

	Option One – Amend the HRC Act (Retain the HRC without funding role)	**Option Two – Repeal the HRC Act and disestablish the HRC** (Preferred)
Legal robustness and clarity	**-** Retains legal and operational risks and leaves a vestigial organisation with disconnected responsibilities and unclear mandate.	**+ +** Repeal of the HRC Act resolves legal risks and provides a clear legislative basis for future arrangements.
Ease of transition	**-** Involves a less complex legislative change but retains fragmented functions and inefficiencies. While simpler to implement, it may create ongoing operational challenges and limit long-term benefits.	**- -** Requires complex legislative and operational transition, including full disestablishment of the HRC and redistribution of all functions across agencies within the SI&T and health systems. The scale of change introduces significant implementation risks and coordination challenges.
System coherence and alignment	**-** Retains a standalone entity that is disconnected from the broader SI&T and health systems, limiting strategic alignment and perpetuating fragmentation.	**+ +** Enables full integration of health research functions into the SI&T and health systems, supporting strategic alignment, coherence and streamlined governance.
Cost of change	**-** Lower upfront legislative change, but ongoing costs from maintaining a small entity, with limited mandate, duplicated functions and reduced economies of scale.	**+** Legislative and operational transition costs, such as staff, systems coordination, are expected to be managed within existing baselines. Over the long term, this option is expected to reduce costs through improved efficiency, streamlined governance and removal of duplication across agencies.
Overall assessment	**-**	**++**

Each criterion is treated equally in the assessment. No weighting has been applied. The preferred option is selected based on its overall performance across the criteria, with emphasis on legal clarity, system coherence, and long-term sustainability.

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

74. **Option Two – Repeal the HRC Act and disestablish the HRC** (preferred option) is the most effective and sustainable approach to address the policy problem. It provides the strongest alignment with Cabinet's in-principle agreement to consolidate health research funding under RFNZ and ensures a coherent, legally robust and strategically aligned transition of the HRC's remaining functions.

75. **Option Two** performs strongly across all criteria:

    a. Repealing the HRC Act eliminates the risk of misalignment between legislative mandate and operational reality, providing a clean and durable legal foundation for the transition.

    b. The redistribution of ethics, policy and advisory functions to appropriate agencies and bodies, such as RFNZ, MoH, MBIE and NEAC, ensures continuity and integration within the future SI&T and health systems.

    c. Embedding health research funding within the Health and Society pillar under RFNZ supports a more unified and priority-driven research system.

    d. Disestablishment avoids the ongoing costs of maintaining a redundant entity and enables more effective use of public resources.

    e. While legislative change is required, this aligns with the broader SI&T Bill and can be managed within existing reform timelines and processes.

    f. Some functions currently performed by the HRC, such as promoting research results, liaison with other organisations, and certain statutory committees are not proposed to be retained in statute, where they are either duplicated elsewhere in the system or better delivered through non-statutory mechanisms. These are further outlined in **Annex One.**

76. The preferred option will affect a range of stakeholders. HRC staff will be directly impacted, requiring careful management of employment transitions and organisational closure.

77. Not all staff are expected to transition, as some functions currently performed by the HRC, Confidential advice to Government duplicate existing capabilities within MBIE and RFNZ. Health research providers, such as universities, IROs and clinical researchers, are expected to benefit from improved strategic alignment and continuity of funding and ethics processes. MoH, MBIE and NEAC, will assume new or expanded responsibilities, requiring appropriate resourcing and coordination.

78. The proposal is not expected to have a direct impact on business competition. However, improved alignment with national priorities may enhance the translation of research into innovation and support more interdisciplinary research through the domain-based pillar framework.

79. The analysis assumes the receiving agencies and bodies will be adequately resourced and prepared to take on new functions, and that legislative changes will be progressed in a timely manner. Some uncertainty remains regarding the final allocation of certain non-funding functions, particularly ethics and workforce development. There is existing funding that is administered by MBIE to the HRC to manage the allocation of research funding and other functions. This funding could be used to fund the movement and ongoing operation of functions.

80. Benefits such as improved system coherence, enhanced ministerial oversight and increased sector confidence are assessed as high-impact, but are not easily quantifiable. Transitional costs, such as staff redeployment and system integration, are expected to be critical and time limited.

81. Commercial Information

82. Commercial Information existing appropriations will be transferred to RFNZ, MBIE and MoH to support the continued delivery of health research functions. Strategic direction will be maintained through the Health and Society PIP), jointly overseen by the Minister of Health and Minister of SI&T, and supported by a revised Memorandum of Understanding. These governance arrangements are intended to ensure continued health sector influence in funding decisions and support the prioritisation of health research within the new system.

83. The benefits of **Option Two** are expected to significantly outweigh the costs. While there are transitional costs and implementation risks, these are outweighed by the long-term gains in legal clarity, improved coordination and system efficiency through streamlined delivery across MBIE and RFNZ, and a reduced administrative burden for health research providers. When compared to Option One, Option Two provides the most coherent and sustainable approach to delivering the Government's objectives for health research funding within the future SI&T system.

84. The proposal enables the removal of duplication across agencies and strengthens the ability of Minister of SI&T and the Minister of Health to set strategic priorities for health research. Over time, the benefits of the new system are expected to increase as the arrangements take effect and the system realises the full value of a consolidated, strategy-driven funding model.

Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?

85. Yes. The Minister's preferred option, as set out in the Cabinet paper, is to repeal the HRC Act via the SI&T Bill and disestablish the HRC as a Crown entity, and transfer its funding functions to RFNZ, with remaining functions redistributed across the SI&T and health systems. This aligns with the agency's preferred option in the RIS, which identifies this approach as the most effective and sustainable means of implementing Cabinet's in-principle agreement and achieving the objectives of the reform.

What are the marginal costs and benefits of the preferred option in the Cabinet paper?

Affected groups *(identify)*	**Comment** *nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.*	**Impact** *$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.*	**Evidence Certainty** *High, medium, or low, and explain reasoning in comment column.*
Additional costs of the preferred option compared to taking no action			
Regulated groups (HRC staff, council, assessors, universities, IROs, and health research providers)	One-off: Transition costs for staff redeployment, including potential redundancies where roles are not retained. Costs will be managed within existing baselines, with support provided to affected staff. One-off: Risk of loss of institutional knowledge and disruption to ongoing research relationships. One-off: Risk of loss of expertise in HRC assessment panels and international assessors.	No additional ongoing cost impact, expect transition costs to be covered by reallocation of HRC Research Contract Management funds ($5.3m per year). Non-monetised impact: Medium temporary impact due to risk of loss of key personnel and expertise.	Medium – Based on indicative transition planning and experience from similar transitions in the SI&T system.
Regulators (MBIE, MoH, RFNZ, NEAC)	One-off: Implementation costs for the receiving agencies and bodies to absorb new functions (e.g. ethics, policy, investment planning). Includes staff onboarding, systems integration, and coordination.	No additional ongoing cost impact, expect implementation costs to be covered by reallocation of HRC Research Contract Management funds ($5.3m per year). Non-monetised impact: Medium temporary impact due to effects on the receiving agencies and bodies in absorbing new functions and personnel.	Medium – Based on indicative transition planning and experience from similar transitions in the SI&T system.

Affected groups *(identify)*	**Comment** *nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.*	**Impact** *$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.*	**Evidence Certainty** *High, medium, or low, and explain reasoning in comment column.*
Additional costs of the preferred option compared to taking no action			
Others (eg, wider govt, consumers, and health researchers.) *For fiscal costs, both increased costs and loss of revenue could be relevant*	Ongoing - Change in ethics approval system and funding processes, administration and relationships for health research sector stakeholders (funding applicants/recipients, research end-users).	Non-monetised impact: Low due to sector familiarity with existing funding processes and transition planning for functional continuity.	Medium – Based on indicative transition planning and experience from similar transitions in the SI&T system.
Total monetised costs	Transition costs expected to be managed within existing baselines	Low – HRC Research Contract Management funds to be reallocated to support transition of functions to other organisations.	Medium – Based on indicative transition planning.
Non-monetised costs	Staff transition, temporary disruption to ethics and funding processes, stakeholder uncertainty.	Medium – due to potential loss of key personnel and continuity disruption of existing processes.	Medium – Based on indicative transition planning.

Affected groups *(identify)*	**Comment** *nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.*	**Impact** *$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.*	**Evidence Certainty** *High, medium, or low, and explain reasoning in comment column.*
Additional costs of the preferred option compared to taking no action			
Regulated groups (Universities, IROs, health research providers and clinical trial sponsors)	Ongoing - Improved strategic alignment of funding, clearer governance, continuity of ethics and advisory functions, and better integration with SI&T system.	No monetary impact as existing HRC Research Contract Management funding will be reallocated to support transferred functions. Non-monetary impact: High as improved strategic alignment/oversight of funding decisions and administration. Reduced duplication within science funding system.	Medium – Based on indicative transition planning.
Regulators (MBIE, MoH, RFNZ, NEAC)	Ongoing: Enhanced ability to direct investment, improved system coherence, and reduced duplication of functions.	No monetary impact as existing HRC research contract management funding will be reallocated to support transferred functions. Non-monetary impact: High as improved strategic alignment/ oversight and reduced duplication within science funding system. Reduced monitoring burden for agencies.	Medium – Based on indicative transition planning.

Affected groups *(identify)*	**Comment** *nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.*	**Impact** *$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.*	**Evidence Certainty** *High, medium, or low, and explain reasoning in comment column.*
Additional costs of the preferred option compared to taking no action			
Others (eg, wider govt, consumers, etc.)	Ongoing: Long-term benefits to health research sector stakeholders (funding applicants, recipients, research end-users) from more efficient and strategically aligned health research funding, improved outcomes for health and innovation.	No monetary impacts as existing health research funding and other functions will continue to be administered (via different organisations). Non-monetary impact: High due to unified science investment strategy, single source of fund administration and decision making.	Medium – Based on indicative transition planning.
Total monetised benefits		No or minor monetary impacts from consolidation of functions.	Medium – Based on indicative transition planning.
Non-monetised benefits	Ongoing: Improved system coherence, legal clarity, strategic alignment, and sector confidence.	High – due to improved strategic alignment, oversight and direction of health research funding decision making and administration.	Medium – Based on indicative transition planning.

Section 2.1: Assessing options to address the policy problem - Cost recovery for ethics review

86. This section assesses options for introducing cost recovery into the HDECs ethics review process. Given the specific legislative and operational changes proposed and the importance of ethics review to the integrity and competitiveness of New Zealand's research system, these options are considered separately. They form a key component of the broader transition of health research functions from the HRC to RFNZ, MBIE and MoH, and are aligned with the overall objectives of the SI&T system reforms.

What criteria will be used to compare options to the status quo?

87. To support the Government's objective to create a world-class research sector with positive economic impacts by ensuring ethics review is timely and fit for purpose. The criteria are as follows:

    a. **Timely and efficient ethics review:** Does the option support growth in the research sector and support timely review to meet commercial objectives?

    b. **Public confidence in the ethics system:** Does the option ensure that public confidence in the ethics system is maintained?

    c. **Ease of implementation:** Does the option meet sector needs, with minimal disruption, and ensure research in New Zealand is not delayed?

    d. **Cost of change:** Does the option minimise transitional and implementation costs, while balancing public investment with user-pays principles in a way that protects equity and access?

What options are being considered?

88. The options considered for the HDEC ethics review process are as follows:

    a. **Option One – Status Quo:** This maintains the current system without introducing changes, preserving existing timeframes and funding structures (with operational improvements as resource allows).

    b. **Option Two – Allow for Cost Recovery for a Fast-Track Review Process:** This would introduce a mechanism for expedited review, enabling applicants to pay for faster processing while retaining standard pathways for others.

    c. **Option Three – Full Cost Recovery of HDEC Ethics Review:** This option proposes a comprehensive shift to a user-pays model, where all ethics reviews would be fully funded by applicants.

How the options compare to the status quo? 2.1 Ethics review

Ratings use an ordinal scale: **+ +** Significantly better than the status quo; **+** Better than the status quo; **0** No better or worse than the status quo; **−** Worse than the status quo; **− −** Significantly worse than the status quo. The overall assessment reflects a qualitative synthesis of the individual ratings.

	Option One – Status Quo	Option Two – Allow for Cost Recovery for a Fast-Track Review Process	Option Three – Full Cost Recovery of HDEC Ethics Review
Timely and efficient ethics review	**-** Confidential advice to Government	**+ +** A fast-track service allows researchers to choose the pathway that meets their requirements. Those with commercial drivers are more likely to pay for faster ethics review. Introducing greater capacity will enable the overall system to better respond to surges in demand for ethics review.	**+ +** Full cost recovery would allow for a system design that meets all timeliness and quality requirements for all research applicants.
Public confidence	**0** New Zealand is well-regarded internationally for its ethics review system.	**+ +** Commercial sector sponsors commonly pay for ethics and regulatory processes. The dual pathway approach retains support for public good research in the wider system.	**-** There would likely be some concern about charging for public good research. Charging for all ethics review may disincentivise non-commercial research.
Ease of implementation	**0** Confidential advice to Government	**+ +** The commercial sector has indicated support for this approach. This option proposes building off of existing infrastructure, it will also likely benefit the wider system.	**+** As with Option Two, this would be easy for the Government to implement, as well as for commercial research applicants. Non-commercial researchers may struggle to pay the fee, leading them to search for alternative options.
Cost of change	**0** Ethics review continues to be free for all research applicants. As timeframes for ethics review continue to grow longer, there is likely to be less investment in New Zealand's research industry.	**+ +** This option best balances public investment with user-pays principles in a way that protects equity and access.	**0** No longer a requirement for public funding, however costs imposed on both public and private research applicants.
Overall assessment	**-**	**++**	**+**

Each criterion is treated equally in the assessment. No weighting has been applied. The preferred option is selected based on its overall performance across the criteria, with emphasis on legal clarity, system coherence, and long-term sustainability.

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

89. **Option Two – Allow for Cost Recovery for a Fast-Track Review Process** performs strongly across all criteria and is the preferred option.

90. This option would enhance New Zealand's competitiveness for international investment by providing a faster ethics review pathway, while continuing to offer a free service for investigator-led and basic (blue-sky) research.

91. Ethics review delivers both public and private benefits. It supports high-quality research that informs health care and improves outcomes, while also providing reputational and commercial advantages to researchers and sponsors. A differentiated funding model is justified. Crown funding for general review due to its societal value, and cost recovery for fast-track services due to their private benefit. Internationally, mixed funding models are common, and a fee-based approach is considered most appropriate and practical.

92. Refer to the attached Cost Recovery Impact Statement – stage 1 in **Annex Two** for further detail on the preferred option.

Section 3: Delivering an option

How will the proposal be implemented?

93. The disestablishment of the HRC as a Crown entity will require careful planning to ensure continuity of critical functions and minimise disruption. This includes winding down governance arrangements, formally notifying Council members and ensuring mechanisms are in place to maintain health sector involvement in health research in the absence of Crown entity levers.

94. Legislative changes will be progressed through the SI&T Bill, which will repeal the HRC Act and disestablish the HRC. The Bill will also provide for the redistribution of its functions across RFNZ, MBIE, MoH and other relevant entities. This approach aligns with the broader SI&T system reforms and has been confirmed as the preferred legislative vehicle.

95. Implementation responsibilities will be jointly led by MBIE and MoH, in close coordination with the HRC and the receiving agencies and bodies. MBIE will oversee the legislative process and coordinate the operational transition, while MoH will lead the integration of health research policy and ethics functions. RFNZ will assume responsibility for funding decision-making, supported by MBIE's contract administration and oversight.

96. Funding and resources will be transferred alongside functions to ensure continuity. A portion of the Health Research Fund will be allocated to MoH to ethics and scientific review functions following the disestablishment of the HRC, and to address historical funding shortfalls associated with the delivery of these functions. MBIE and MoH will work closely with HRC to scope and manage the transition, including financial closure, statutory reporting and public records obligations.

97. Commercial Information The transition of health research funding responsibilities to RFNZ and MBIE will occur in 2028, aligning with the full implementation of the Health and Society pillar. Disestablishment of the HRC will be timed to coincide with this transition.

98. The key milestones for implementation are as follows:

Year	Milestone
2026	Development of the Health and Society pillar begins. Mapping of existing HRC funding to the pillar commences. HRC may run its final funding round. SI&T Bill to Cabinet Legislation Committee (LEG).
2027	(If required) HRC runs its final funding round. Funding decisions from this round are announced.
2028	Full transition of health research funding responsibilities to RFNZ and MBIE. Disestablishment of the HRC as a Crown entity. Transfer of staff, assets and functions to the receiving agencies and bodies.

99. Key operational activities include:

    a. transitioning staff and roles to receiving agencies (e.g. MBIE, MoH) based on function, with legislative provisions to avoid triggering redundancy clauses. It is expected that not all HRC staff will transition, and appropriate support will be provided to manage employment impacts

    b. transferring assets, systems and organisational knowledge

    c. managing legal and employment obligations to support staff wellbeing.

100. Key risks include disruption to critical functions, loss of institutional knowledge, and uncertainty for staff and stakeholders. These will be mitigated through:

    a. early and ongoing engagement with affected agencies and stakeholders

    b. clear communication strategies to support sector confidence

    c. detailed transition planning, including legal and operational due diligence

    d. legislative provisions to ensure seamless transfer of functions, staff and contracts.

101. The implementation approach has been informed by targeted consultation and is considered feasible within the proposed timeframes. MBIE and MoH are confident in their ability to deliver the transition effectively, subject to continued collaboration with the HRC and timely passage of the SI&T Bill.

How will the proposal be monitored, evaluated, and reviewed?

102. The implementation of this proposal will be integrated into the broader monitoring and stewardship arrangements for the SI&T system reforms. MBIE and MoH, as the lead agencies, will be jointly responsible for overseeing the transition and ensuring that the redistribution of the HRC's functions is implemented effectively and sustainably.

103. Monitoring arrangements will include:

    a. **ongoing inter-agency coordination**: MBIE and MoH will maintain close oversight of the transition process, including the transfer of funding, staff, assets, and statutory functions to RFNZ, MBIE, MoH and NEAC. This will be supported by a dedicated transition work programme, including the development of a detailed implementation plan with a timeline and key milestones, and regular reporting to Ministers

    b. **system stewardship**: MBIE will continue to exercise its regulatory stewardship responsibilities for the SI&T system, including monitoring the performance of RFNZ and the effectiveness of the new Health and Society pillar

    c. **ministerial oversight**: a revised Memorandum of Understanding between the Minister of Health and Minister of SI&T will set out roles and responsibilities for governance, including the development and monitoring of the Health and Society PIP, which will serve as the primary mechanism for setting strategic direction and assessing outcomes for health research funding

    d. **stakeholder engagement:** targeted consultation with the affected stakeholders will continue throughout the transition. Feedback mechanisms will be established to identify and respond to implementation issues as they arise. Consultation will also occur as part of the development of the Health and Society PIP, ensuring health sector input into future funding priorities and governance arrangements.

Evaluation and review

104. Evaluation of the transition will be undertaken in two phases. First, ongoing monitoring and evaluation activities will run alongside the transition process to ensure early identification of issues and support continuous improvement. This will include tracking progress against implementation milestones, assessing continuity of critical functions and gathering feedback from stakeholders.

105. A formal review of the transition process and outcomes is expected to be undertaken following the full implementation of the Health and Society pillar in 2028. This review will assess whether the redistributed functions are operating effectively, whether the intended benefits of consolidation and disestablishment have been realised, and whether any further adjustments are required. The review will be led by MBIE and the MoH, with findings reported to the Minister of SI&T and Minister of Health.

106. The review will also consider the effectiveness of the new ethics and scientific review arrangements, including the performance of NEAC and Medsafe in their expanded roles, and the adequacy of the National Standard on Ethical Conduct in Human Research.

107. Additional data collection may be required to support evaluation, particularly in relation to workforce transitions, continuity of ethics functions and the integration of health research into the SI&T system.

108. Triggers for earlier review may include:

    a. significant disruption to ethics or funding processes

    b. stakeholder concerns regarding the clarity of roles and responsibilities

    c. evidence of gaps in service delivery or loss of sector confidence

    d. legislative or operational misalignment identified during implementation.

109. These monitoring and evaluation activities will ensure that the transition is not only legally and operationally sound but also delivers on the strategic objectives of the SI&T system reforms. MBIE and the MoH will be jointly responsible for monitoring the impacts of the changes, including oversight of the transition process, performance of the receiving agencies and bodies (such as RFNZ and NEAC), and the effectiveness of the new Health and Society pillar. Where necessary, further operational adjustments will be considered to address emerging issues and ensure the long-term success of the new arrangements.

Section 3.1: Delivering an option - Ethics cost recovery

110. This section outlines the implementation approach for introducing cost recovery into the ethics review system. Given the specific legislative amendments required and the operational implications for NEAC and the Ministry of Health, this component of the reforms is addressed separately. It forms part of the broader transition of ethics and scientific review functions from the HRC to appropriate agencies and supports the SI&T system's objectives of improving efficiency, responsiveness, and sustainability.

111. A provision will be included in the Pae Ora (Healthy Futures) Act 2022 to enable fees for ethics review to be set by Order in Council on the recommendation of the Minister of Health. The provision will allow for different fees to be set for different types of application and will include the ability to provide fee waivers to protect access and equity.

112. An implementation and monitoring plan will be developed in the next phase of this work. This will include the development of stage 2 of the Cost Recovery Impact Statement, which will support the detailed design of the cost recovery model and be informed by consultation with stakeholders. Information on the planned consultation can be found in **Annex Two**.

Annex One: Table of HRC's functions and proposed transfers

Function	Future state	Transition arrangements
Funding Section 6 of the Health Research Council Act 1990 (the HRC Act) deals with provisions for administering funding granted to the HRC including negotiating bulk funding allocations, soliciting proposals and applications for funding and assessment of proposals. The HRC Act has provisions enabling the HRC to administer any additional funds made available to the HRC from public or private sources to support health research.	Function covered by provisions in Science Innovation and Technology (SI&T) Bill under funding decision-making board (Research Funding New Zealand (RFNZ) and Ministry of Business, Innovation and employment (MBIE)).	• Health research funding—the HRC's core function—will transfer to RFNZ, aligning with the policy intent to consolidate funding decisions within a single national entity. RFNZ will lead funding decisions, supported by MBIE in contract administration and oversight. • Funding will be delivered through RFNZ's standard processes, including calls for proposals and funding rounds. RFNZ will also ensure robust assessment of applications. MBIE will manage contracting and monitoring, as it does for other funds. • The SI&T Bill enables other agencies to use RFNZ's expertise to administer research funds, improving system-wide consistency and efficiency. Future arrangements may also support private sector co-investment. • Commercial Information • Priority setting and budget allocation will be guided by the Prime Minister's Science, Innovation and Technology Advisory Council (PMSITAC), with roles clarified through a revised MoU between the Ministers of Health and SI&T. • Officials will develop detailed advice on the transition and design of the Health and Society pillar.
Promoting results of health research	Function no longer required in statute (MBIE/RFNZ on the outcomes of funded research) [Other organisations eg, Ministry of Health (MOH), Health New Zealand (HNZ) have different roles in the evidence ecosystem]	• Promoting and sharing research results will be a shared responsibility across the system, involving researchers, institutions, and organisations like the Science Media Centre. In health, it's especially important that findings—such as those related to clinical practice reach clinicians and providers. • We do not propose to retain this function in statute. Broader work is underway to improve how research outcomes are tracked and communicated across the SI&T system.
Advising the Minister of Health on national health research policy	Function no longer required in statute (MOH, MBIE)	• The core policy activity undertaken by HRC involves translating government policy developed for the health system so that it can be applied and implemented within the context of research, and translating government policy developed for the SI&T system, so that it can be applied and implemented within the context of health. • Advising Ministers on health research policy are core activities of MOH, MBIE and RFNZ. Detailed arrangements on the consistent provision of this advice will be developed in due course. The memorandum of understanding (MoU) between the Ministers of Health and SI&T will be key to setting out roles and responsibilities for Ministers and agencies.
Priority and direction setting	Function no longer required in statute (PMSITAC, RFNZ, MBIE, MOH)	• The SI&T reforms introduce new mechanisms for setting research priorities. PMSITAC will advise the Minister of SI&T, and RFNZ will implement priorities through Pillar Investment Plans (PIPs) including for the Health and Society pillar. • A revised MoU between the Ministers of Health and SI&T will clarify roles and ensure coordinated input into the PIP. Officials will provide further advice to support clear and consistent priority-setting.

Function	Future state	Transition arrangements
Workforce development Foster recruitment, education, training and retention of those engaged in health research in New Zealand.	Function no longer required in statute (MBIE/RFNZ) - career development awards and scholarships and research workforce development (MOH) - health workforce strategy, including research	• Workforce development activities related to health research are currently undertaken across several agencies, including MOH and MBIE. In the future system, these efforts can be better coordinated to ensure consistency and alignment with broader health and research workforce strategies. The MoU between Ministers could provide guidance on how agencies will work together to support workforce development.
Statutory committees The HRC appoints the Biomedical Research Committee, the Public Health Research Committee, the Māori Health Committee, and the Ethics Committee	Specific committees no longer required in statute (MBIE/RFNZ) HRC Ethics Committee functions will transfer to MOH/National Ethics Advisory Committee (NEAC)	• RFNZ will appoint expert committees to support funding decisions and provide specialised advice. • RFNZ will have flexibility to design advisory structures that reflect modern, interdisciplinary research needs, while ensuring existing expertise is retained through the transition.
Clinical trials Medicines Act 1981 section 30(1) refers to the Director General of Health seeking recommendations from HRC on clinical trials.	Consequential amendment to Medicines Act 1981 (MOH)	• MOH will take over the science review functions required to provide such recommendations to the Director-General of Health. This function intersects with MOH's current role (through MedSafe), and they already have the required expertise to provide this advice. • A consequential amendment to the Medicines Act 1998 to remove reference to the HRC.
Ethics Committee Section 25 of the HRC Act sets out functions of the Ethics Committee	Consequential amendment to the Pae Ora (Healthy Futures) Act 2022 (MOH and NEAC) SI&T Bill	• Relevant HRC processes will be reviewed and incorporated into a new NEAC-led National Standard on Ethical Conduct in Human Research, which will clarify roles across the system. • The SI&T Bill must include a clause requiring all human research to comply with this standard. Consequential amendments to the Pae Ora (Healthy Futures) Act 2022 will also be needed.
Liaison with other organisations	No longer required in statute MBIE/RFNZ/MOH	The HRC has built strong relationships across the health research sector. These will need to be transitioned to and maintained by RFNZ, as well as agencies such as MBIE and MOH (who already have some existing connections). While this function will not be retained in statute, officials will ensure continuity of engagement to preserve the value of these networks.

Annex Two: Cost Recovery Impact Statement Phase 1 - For a fast-track research ethics review process

[Attached separately]